

New York State Department of Environmental Conservation

Environmental Permits, Region 8

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Peter M. Iwanowicz
Acting Commissioner

17 November 2010

Kevin Bernstein, Esq.
Bond, Schoeneck & King, PLLC
One Lincoln Center
Syracuse, New York 13202-1355

Re: DEC Facility No. 8-4432-00085
Positive Declaration
Finger Lakes, LLC Underground LPG Storage Facility
Town of Reading, Schuyler County

Dear Mr. Bernstein:

The New York State Department of Environmental Conservation (DEC) has determined that potential significant adverse environmental impacts may result from the proposed Finger Lakes, LLC underground LPG storage facility. Accordingly, DEC has prepared a Positive Declaration pursuant to the requirements of the State Environmental Quality Review Act (SEQR), and a Draft Supplemental Environmental Impact Statement is being required for the project. Enclosed please find a copy of the Positive Declaration that has been prepared for the proposed project.

As indicated in the Positive Declaration, we intend to utilize public scoping procedures. This will include an opportunity for involved agencies and the public to provide comments on the draft scope. Prior to initiating the public comment period, it will be necessary for you to submit a proposed scope which contains the items identified in paragraphs 617.8 (f)(1) through (5) of the State Environmental Quality Review Act (SEQR) regulations. In short, these items include a description of the proposed action, the potential significant adverse impacts, the extent and quality of information needed to address each impact (including the methods for obtaining and analyzing this information), an initial identification of mitigation measures, and the reasonable alternatives to be considered.

When available, please submit five copies of the draft scope and an electronic version for our review. If you have any questions, please contact me at 585-226-5401.

Sincerely,

David L. Bimber
Deputy Regional Permit Administrator

Enclosure

Cc: (All w/enclosure)
P. D'Amato, Regional Director
L. Bracci, Regional Attorney
L. Schwartz, Assistant Regional Attorney
L. Collart, Regional Mineral Resources Supervisor
J. Nasca, Acting Division Director, DEC Albany (1750)
L. Weintraub, DEC Albany (1500)
P. Briggs, DEC Albany (6500)

State Environmental Quality Review
POSITIVE DECLARATION
Notice of Intent to Prepare A Draft SEIS
Determination of Significance

DEC Facility ID 8-4432-00085

Date: 17 November 2010

This notice is issued pursuant to the State Environmental Quality Review Act ("SEQR"; Article 8 of the Environmental Conservation Law and its implementing regulations at Part 617 of Title 6 of the Official Compilation of Codes, Rules and Regulations of the State of New York).

The New York State Department of Environmental Conservation (DEC) finalized a SEQR review of underground gas storage projects in 1992 in the form of a Generic Environmental Impact Statement (GEIS) on the Oil, Gas and Solution Mining Regulatory Program. As an outcome of that process, the DEC determined that new underground gas storage projects, including related surface facilities, must be evaluated to determine whether they may have a significant adverse impact on the environment and may require a supplemental EIS depending on the scope of the project. According to the GEIS (at page 14), a supplemental EIS may be required if the proposed action is not addressed in this document and if the subsequent action involves one or more significant adverse environmental impacts. The DEC, as Lead Agency for this project, has determined that the scope of the proposed action described below and its potential for significant adverse environmental impacts is such that a draft Supplemental Environmental Impact Statement (dSEIS) should be prepared. DEC has determined that the project may result in adverse impacts, beyond those addressed in the 1992 GEIS, sufficient to require preparation of a site-specific, project-specific dSEIS.

Name of Action: Finger Lakes LPG Storage, LLC - New Underground LPG Storage Facility

SEQR Status: Type I

Public Scoping: Public scoping will be conducted following the submission to the DEC of a draft scope of issues. The purpose of scoping is to narrow issues and ensure that the dEIS will be a concise, accurate and complete document that is adequate for public review. The scoping process is intended to: ensure public participation in the dEIS development process. More information about the SEQR process, generally, and scoping may be found on the following web pages:

<http://www.dec.ny.gov/permits/357.html> (general information) and
<http://www.dec.ny.gov/permits/6477.html> (scoping).

Description of Action: Finger Lakes LPG Storage, LLC proposes to construct and operate a new underground liquefied petroleum gas (LPG) storage facility for the storage and distribution of propane and butane on a portion of a 576 acre site located on NYS Routes 14 and 14A west of Seneca Lake in the Town of Reading. The storage facility will utilize existing caverns in the Syracuse salt formation created by US Salt and its predecessors' salt production operations. As proposed, a maximum of 2.10 million barrels (88.20 million gallons) of LPG will be stored in these caverns seasonally, displacing some of the brine currently filling them, and will be withdrawn by displacement of propane by brine when demand occurs during the heating season and displacement of butane by brine during the gasoline blending season. During storage operations, the brine displaced by LPG will be stored and contained in a 14-acre lined surface impoundment with a capacity of 2.19 million barrels (91.98 million gallons) on the hillside immediately east of the junction of Routes 14 and 14A. The facility will connect to the existing Teppco LPG interstate pipeline, and will ship LPG by truck via NYS Routes 14/14A and rail to the existing Norfolk & Southern Railroad. As proposed, the project involves construction of a new rail and truck LPG transfer facility, consisting of a 6 rail siding capable of allowing loading/unloading of 24 rail cars within 12 hours, and a truck loading station capable of loading 4 trucks per hour. The rail/truck loading facility is capable of being operated on a 24-hour basis 365 days a year. Construction will also include surface works consisting of truck and rail loading terminals, LPG storage tanks, offices and other distribution facilities, and stormwater control structures.

**SEQR Positive Declaration
Finger Lakes LPG Storage LLC
Watkins Glen Storage Facility**

Location: The proposed LPG storage facility includes existing salt caverns located near the western shore of Seneca Lake, and extends uphill to the west with compressors and distribution operations straddling Route 14 south of the junction of Route 14A, in the Town of Reading, Schuyler County.

Reasons Supporting This Determination:

DEC has determined that the Finger Lakes LPG facility may have a potentially significant adverse impact on the environment based on the following list of issues and concerns, and that these potential adverse impacts and concerns are not sufficiently evaluated and addressed in the 1992 GEIS:

Impacts on land

- Integrity and stability of the proposed brine pond and its associated impoundment structure:

An impoundment structure with a maximum height of 50 feet above its down slope toe is proposed to impound a 2.19 million barrel (91.98 million gallons) capacity brine pond on a site with variable slopes in the 8 to 12 percent range. The slope tends to steepen downhill in the area under the proposed impoundment structure. When full, the pond surface will be approximately 400 feet above Seneca Lake elevation, at a horizontal distance from the lake of approximately 2400 feet.

- Potential for catastrophic structural failure of the surface impoundment.
- Potential for subsidence associated with underground storage operations.

Impacts on water

- The potential for surface water contamination in the event of an impoundment structure failure due to its proximity to Seneca Lake.
- The potential for ground water contamination in the event of impoundment structure leakage, subsidence, or loss of cavern integrity.

Impacts on transportation

- Additional road and rail traffic.
- Potential truck traffic impacts to SR 14 & 14A.
- Additional train traffic over Watkins Glen Gorge bridge.

Noise impacts

- Operation of a new rail and truck loading facility in a sparsely developed rural area, where none currently exist.

Visual impacts

- New rail and truck loading facility.
- Brine pond.
- Compressor building.

Impacts on public safety

- LPG handling and containment

**SEQR Positive Declaration
Finger Lakes LPG Storage LLC
Watkins Glen Storage Facility**

For Further Information:

Contact Person: David Bimber, Deputy Regional Permit Administrator
Address: NYSDEC - 6274 East Avon-Lima Road, Avon New York 14414
Telephone Number: 585-226-5401

A Copy of this Notice Sent to:

Commissioner, Department of Environmental Conservation, 625 Broadway, Albany, New York
12233
Regional Office of NYS DEC
Supervisor, Town of Reading
Town of Reading Planning Board
Applicant
Schuyler County SWCD
Schuyler County EMS
NYSDOT - Region 6
NYS Public Service Commission